



KLW HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199504141D)

ACQUISITION OF BALANCE 30% OF THE ISSUED SHARE CAPITAL OF KLW RESOURCES SDN. BHD.

1. Introduction

The Board of Directors (the "**Board**") of KLW Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that the Company has on 29 December 2017 entered into a sale and purchase agreement ("**SPA**") with Koperasi Permodalan Felda Malaysia Berhad ("**KPF**" or "**Seller**") for the sale and purchase of 13,016,054 Class A shares ("**Sale Shares**") in the share capital of KLW Resources Sdn. Bhd. ("**KLW Resources**"), the Company's subsidiary ("**Proposed Acquisition**").

2. Terms of the Proposed Acquisition

Sale Shares

The Sale Shares represent all of the Class A shares in issue and 30% of the issued share capital of KLW Resources, which are legally and beneficially owned by KPF as at the date of the SPA. The balance 70% of the issued share capital of KLW Resources comprises 30,370,792 Class B shares that are legally and beneficially owned by the Company. Upon completion of the Proposed Acquisition, the Company will be the legal and beneficial owner of 100% of the issued share capital, comprising all the Class A and Class B shares in issue, of KLW Resources.

Based on the unaudited financial statements of the Group for the half year period ended 30 September 2017, the book value and the net tangible asset value of the Sale Shares as at 30 September 2017 is approximately RM 25.2 million (approximately S\$8.28 million).

Consideration

The total consideration for the Proposed Acquisition shall be an aggregate amount of RM25,000,000 (approximately S\$8,214,227¹) ("**Consideration**"). The Consideration shall be paid on completion by telegraphic transfer to the Seller's bank account. The Company is funding the Proposed Acquisition through its internal resources and also from the balance proceeds of S\$1.62 million raised from the rights cum warrants issue undertaken by the Company in 2014.

The Consideration was arrived at on a willing buyer-willing seller basis, taking into account the unaudited book value and net tangible asset value of the Sale Shares as at 30 September 2017.

Completion Deliverables

Pursuant to the SPA, at completion of the Proposed Acquisition ("**Completion**"), the Company will:

¹ For the purpose of this announcement, all currency exchange rate throughout this announcement is S\$1:RM3.0435. Such exchange rate has been presented solely for information only and should not be constructed as representations that the relevant amounts have been or could be converted at the rates indicated or at any other rate



- (i) procure that KLW Resources makes payment of such outstanding coupon payment due and payable to the Seller for the period commencing from 1 January 2017 until the date of Completion provided always that such amount shall not exceed RM1,360,000;
- (ii) waive its right to claim the balance acquisition sum amounting to an aggregate of RM2,000,000 under the share sale agreement dated 20 August 2010 (“SSA”) entered into between the Company and the Seller in respect of the initial acquisition of the Sale Shares by KPF from the Company; and
- (iii) deliver a written confirmation to the Seller that KLW Resources will not be listed on the Bursa Securities Malaysia or such other reputable stock exchange during the period of 12 months from the date of the SPA.

Termination of the SSA and the put option

Pursuant to the SPA, the parties mutually agreed to the immediate termination of the SSA and all other agreements, arrangements, liabilities, obligations and undertakings following the signing of the SSA, whether written or oral, between the Company and the Seller arising out of or in connection with the SSA (including but not limited to the Company's initial public offering commitment under the SSA), and each party agreed to forever release and discharge the other from all rights and/or obligations arising pursuant thereto, and further indemnify and hold harmless and agreed to continue to indemnify and hold harmless the other, and each of their respective directors, officers, employees and agents from and against any liability, loss, damage, cost and expense including, without limitation, any special, consequential or indirect losses, including any loss of profit, revenue or loss of contract claimed by either party in connection with and/or arising out of (directly or indirectly) any claim, demand, proceeding or action which may at any time be made or brought in connection with and/or arising out of termination, breach, non-performance, repudiation and/or renunciation of the SSA and all such other agreements, arrangements, liabilities, obligations and undertakings by the other party.

Pursuant to the above, the put option that the Company had granted to the Seller in respect of the Sale Shares pursuant to the SSA has also been terminated.

3. Financial Impact on the Group

The Proposed Acquisition is not expected to have any material impact on the Group net tangible assets or earnings per share for the financial year ending 31 March 2018.

4. Interests of the Directors and Controlling Shareholders

None of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Acquisition.

5. Document for Inspection

A copy of the SPA will be made available during normal business office hours at the registered office of the Company at No. 2 Kallang Avenue, CT Hub, #07-03, Singapore 339407 for a period of three (3) months commencing from the date of this announcement.

6. Cautionary Statement

Shareholders are advised to exercise caution in dealings with the Company's shares, and to read this announcement and any further update announcement(s) released by the Company carefully. As at the date of this announcement, Shareholders should be cautioned that there is no assurance that the Proposed Acquisition will proceed or proceed on their present terms.



Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

KLW Holdings Limited

Terence Lam
1 January 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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